

---

## CHAPTER: Compliance Laws and Regulations

### SECTION: Branch Closings

### Section 430

---

#### Introduction

This section contains the examination procedures used to assess compliance with the branch closing requirements of Section 42 of the Federal Deposit Insurance Act. These procedures are drawn from the joint policy statement on branch closings (Policy Statement) adopted on September 21, 1993, by the OTS, FRB, OCC and FDIC in order to provide appropriate guidance to insured depository institutions on this matter. The evaluation of an institution's policy for providing appropriate prior notice of branch closings as outlined in the Policy Statement was originally incorporated within the Community Reinvestment Act (CRA) examination procedures under Assessment Factor G, which focused on the institution's record of opening and closing offices and providing services at its offices.

The branch closing requirements were not included in either the new CRA examination procedures disseminated by the OTS in December 1995 or the new CRA regulation published on September 21, 1993. Policy considerations lead the OTS, FRB, OCC and FDIC to eliminate the branch closing notification provisions from the CRA examination process since these provisions did not appear to further the primary objective of the new regulation to evaluate institutions based on actual performance in helping to meet the credit needs of their communities. Accordingly, the branch closing notice provisions have been completely separated from the CRA regulation and are now reflected in the examination procedures of this section. These provisions require that institutions (1) adhere to certain notification procedures prior to closing any branch and (2) establish an internal policy reflecting such procedures.

#### Examination Objectives

To determine whether the institution is in compliance with the statutory requirements for branch closings, including those relating to the following:

- Providing prior notification of any branch

closing to its appropriate Federal banking agency and customers of the branch.

- Establishing internal policies for branch closings.

#### Examination Procedures

1. Determine whether the institution has adopted a branch closing policy that ensures compliance with the Policy Statement regarding branch closings and Section 42 of the FDI Act.
2. Determine whether the institution's procedures for closing a branch have been followed since the latter of December 19, 1991 or the last examination in which compliance was assessed with the Policy Statement concerning branch closing notices and Section 42 of the FDI Act.
3. Determine whether the institution provided adequate notice of any branch closing to its appropriate Federal banking agency at least 90 days prior to the proposed closing of any branch closed on or after December 19, 1991.
4. Determine if the institution mailed an adequate notice to its customers at least 90 days prior to the proposed closing of any branch closed on or after December, 19, 1991.
5. Determine if the institution posted a notice to the branch customers in a conspicuous manner on the branch premises at least 30 days prior to the proposed closing of any branch closed on or after December, 19, 1991.



Approved – FFIEC